

INFORMATION PAPER

L10
02 Aug 2004

SUBJECT: Activity Based Risk Management (ABRM)

FACTS:

1. Balanced Scorecard Goal/Objective. This initiative supports the objective “Align Funding with Strategic Objectives”.
2. Project Description. Activity Based Risk Management integrates financial and operational risk management with historical execution data captured through ABC modeling. Activity Based Costing (ABC) increases the visibility of cost of work performed to deliver goods and services and improves managers' ability to accurately predict future costs. Risk management provides the ability to identify and prioritize competing requirements for annual budget and POM submissions. Execution is monitored throughout the year and priorities can be adjusted based on emerging operational requirements.
3. Why Required. Activity Based Risk Management provides the Command the ability to prioritize our operational requirements against available funding and leverage resources in support of our strategic objectives. Funding decisions are based on the impact of the requirement on the overall mission of the Command. ABRM places responsibility for prioritizing requirements in the hands of senior managers. Each MARCORLOGCOM strategic initiative will be aligned with the appropriate activities, processes, and programs facilitating the ability to track and balance the Command's investment in operational and strategic requirements.
4. Resources. Resources include organic personnel for ABC modeling, contracted risk management support, and travel expenses to MCLB Barstow and Blount Island. This requirement has been included in the FY2005 budget submission in the amount of \$128,000.
5. Plan of Action and Milestones. The foundation of Activity Based Risk Management has been established within MARCORLOGCOM. The identification of strategic initiatives resulting from the off-site will provide input for the next step, which is to prioritize and align funding for FY2005. During FY2005, the plan is to mature the data and processes to include labor and reimbursable accounts as a step toward full cost accountability.
6. Owning Organization/Partners. This strategic initiative falls under the cognizance of the Business Performance Assessment and Integration Office (BPAIO). Interaction will be required with all MARCORLOGCOM departments/offices and subordinate Commands.
7. Points of Contact. Ms. Vickie Layer, 639-5575, vickie.layer@usmc.mil